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The nexus between terrorism and product counterfeiting in the United States

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Terrorists use a wide variety of methods to fund their operations, obtain profits and carry out ideologically driven goals. Terrorist organisations have increasingly been linked to product counterfeiting crimes, but evidence for this connection is mostly anecdotal and speculative, lacking systematic empirical evaluation. This study mines open-source data to capture known product counterfeiting schemes linked to known extremists in the United States since 1990. We utilise the Extremist Financial Crime Database (EFCDB) and the Michigan State University Center for Anti-Counterfeiting and Product Protection's (A-CAPP) Incident Database to provide an overview of both the schemes and the individual suspects involved in these crimes. We uncovered ten product counterfeiting schemes linked to terrorism, while the vast majority of suspects involved are non-extremist collaborators motivated by profit, not extremist ideology. These findings indicate the need for policies focusing on criminal networks broadly, expanding beyond restrictive efforts only targeting terrorists.

Keywords: terrorism; extremist crime; product counterfeiting; enterprise crime

Introduction

Scholarly attention to terrorism has increased dramatically since the September 2001 terrorist attacks, evidenced by the amount of funding, number of degree programmes, new journals and publications related to the study of terrorism. This has resulted in a better understanding of many issues related to terrorism, but several questions remain unexplored and/or unanswered. Although terrorism has become a top concern among policymakers, business executives and law enforcement officials, scholars have virtually ignored how terrorist organisations are funded.¹ The majority of research on extremism and terrorism focuses on a small number of high-profile violent incidents while failing to mention financial crimes, material support or preparatory crimes.² Terrorists commit a wide array of financially related (non-violent) offenses, including tax fraud, money laundering and dirtying, identity theft and counterfeiting.³ However, empirical attention to financial crimes and terrorism financing has been minimal.

In addition to these financial crimes, the press and the intelligence and enforcement communities have speculated about the connections between product counterfeiting and terrorism. Much of this speculation has focused on a few commonly cited anecdotes. To date, almost no empirical research specifically examines how terrorist organisations finance their operations using counterfeited goods. Intellectual property crimes, like terrorism, should be understood and responded to as a global problem. The counterfeiting of products,

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such as automobile parts, pharmaceuticals, electronics, purses and perfumes, and the illegal duplication of software, movies, music and other products, has widespread impact on business, governments, consumers and investors. Costs associated with the trafficking of counterfeited goods are substantial, affecting jobs, product production and tax revenue. Law enforcement attention to product counterfeiting is limited and penalties are lax, resulting in the potential loss of counterfeit merchandise as merely a cost of doing business. Although the potential scope of harm is extensive, there is little research that explores the aetiology of counterfeited products and a limited empirical understanding of how terrorist groups and/or organised crime networks are involved in these types of crimes.

This study describes the participation in product counterfeiting schemes by political and religious extremists in the United States. We mine open-source data to capture known product counterfeiting schemes committed by at least one extremist in the United States since 1990 by utilising both the Extremist Financial Crime Database (EFCDB) and the Michigan State University Center for Anti-Counterfeiting and Product Protection's (A-CAPP) Incident Database. By capturing every indicted product counterfeiting scheme linked to terrorism, we are able to provide an overview of both the schemes and the individual suspects involved in these crimes. We conclude with implications for policy and practice related to product counterfeiting involving known extremists.

Literature review

Scope of product counterfeiting

Product counterfeiting has been termed by the FBI and others as a *21st century crime*.⁴ The consumer market for counterfeit and pirated goods consists of consumers either purchasing goods they believe to be legitimate, or knowingly searching for bargains with the understanding that many will be fraudulent.⁵ Counterfeit products not only result in substantial financial losses to consumers, businesses, taxpayers and investors, but also can pose health and safety risks to those who manufacture and purchase them. Many unique qualities facilitate the production and distribution of fake goods, including alleged ties to other types of illegal behaviour (e.g. terrorism and organised crime). Counterfeiting operations are difficult to uncover due to the secrecy surrounding this illicit activity and the use of various production and distribution methods, including the Internet and existing criminal trafficking networks. Over half of the purchases of counterfeit products occur over the Internet, creating problems for tracking and intercepting the numerous manufacturing and distribution chains.⁶ Counterfeit goods undermine economies by denying income to legitimate businesses and creating an elusive underground economy funding criminal enterprises.⁷ Product counterfeiting crime has the potential for seemingly limitless profit, as product demand can be filled by any number of diverse counterfeit operations.

Although quantifying the impact and scope of product counterfeiting on the global economy is fraught with challenges,⁸ estimates consistently place the losses in the hundreds of billions of dollars annually.⁹ Three figures are commonly cited to quantify the counterfeit trade.¹⁰ The first is from the Counterfeiting Intelligence Bureau of the International Chamber of commerce, which estimates that product counterfeiting consists of 5–7% of all global commerce.¹¹ The OECD estimates the trade in counterfeit products to be up to US\$200 billion in 2005 (not including intra-country trade and digital piracy).¹² The FBI has previously estimated counterfeiting commerce to be between US\$200 and 250 billion annually.¹³ These figures illustrate the vast global scale of product counterfeiting. However, assessing economic losses due to product counterfeiting schemes is

particularly difficult, with estimates often coming from industry sources.¹⁴ This study gathers information on economic losses from open-source data, but this information was only found in half of the identifiable schemes, highlighting the difficulty of quantifying the impact and scope of product counterfeiting. Product counterfeiting schemes are unpredictable and constantly evolving, making these crimes difficult to study and complicating the development of anti-counterfeiting strategies.

Businesses, consumers, governments and investors are affected by product counterfeiting. Businesses are greatly impacted by the illegal copying and distribution of their products, as their profits and reputation are both harmed.¹⁵ Counterfeits often fail and pose safety hazards, which can lead to dissatisfaction with legitimate companies. These physically harmful counterfeits can lead to untold physical damages, such as when a phony computer cord catches fire, a knockoff part results in an automobile crash or pharmaceuticals filled with dangerous chemicals are ingested. In addition to the harms to consumers and businesses, governments lose substantial tax revenues from untaxed purchases and resources spent on enforcement efforts.¹⁶ As a result of these and other problems, investors may be deterred from supporting innovation due to potential losses from product counterfeiting, which undermine the entire economy.

Counterfeiters can create duplicates of almost any consumer product, including pharmaceuticals, food, drinks, household goods, automobile parts, chemicals, electronics, software, movies, music, luxury items and toys, among others.¹⁷ 'Due to today's sophisticated global economy – with its easy and widespread access to technological advances such as computers, copiers, and scanners – there are virtually no product lines, corporations, or consumers that can escape the reach of counterfeiters and/or pirates.'¹⁸ Technological advances, outsourcing, globalisation, the global war on terror and information sharing have provided opportunities for individuals and groups to become involved in counterfeiting, increase the quality of counterfeits and enhance the efficiency of product manufacturing. Internet sales are attractive to sellers who perceive low risk of detection, as consumers are unable to validate products and have little knowledge of recourses when defrauded by a counterfeit purchase.¹⁹ Profit margins for most products are great, and there is a general acceptance that there is little risk of apprehension, and if arrested, the penalties are lax.²⁰ Intellectual property violations are not subject to the same scrutiny as other crime types, such as drug trafficking. These conditions create ideal financial opportunities for organised criminal enterprises and terrorist groups.

Terrorism and organised crime connections to product counterfeiting

Terrorist groups are involved in various types of fraud schemes to meet organisational goals and to finance their operations.²¹ The importance of funding is also made clear in the acknowledgement by the FBI's Terrorist Financing Operations Section that all terrorism cases involve some financial component,²² although the funding of terrorist organisations is a complex phenomenon to understand. As summarised by Raphaeli:

The financing of terrorism is a subterranean universe governed by secrecy, subterfuge, and criminal endeavors; but also a good measure of sophistication and an understanding of the global financial system. It is best described as an octopus with tentacles spreading across vast territories.²³

Complex terrorist networks must finance security, operations, support, intelligence, propaganda, material, recruitment, training, housing and food, communications, bribery,

weapons, travel, forged documents and living expenses. Groups also must use funds to pay individuals to demonstrate in support of their cause and compensate families for family members killed.²⁴ Terrorist organisations take advantage of lucrative market opportunities, with larger, more sophisticated operations utilising multiple sources of funding, including the production and distribution of counterfeit products.²⁵

Counterfeited products must be developed, processed and then distributed, often through international networks. Understanding these financial networks is complicated because most terrorist organisations have multiple sources of overlapping funding mechanisms used to support various objectives.²⁶ Established channels are used to move and hide products and can be adapted to traffic different types of illicit goods. Counterfeiting is often linked to many other serious crimes, including extortion, human trafficking, kidnapping, credit card fraud, identity theft and arms trading.²⁷ Considering the extent of the problem, how products are distributed, and limitless profit potential, terrorist groups logically become involved with product counterfeiting crimes.

Counterfeiting products often is only one of many different types of criminal enterprises in which a terrorist group is involved, and its involvement in the counterfeiting business may be dependent upon its successes in other criminal enterprises. Terrorist groups appear to be directly involved in the counterfeiting business in that they will identify market niches, acquire the necessary production materials, produce and then sell goods. In addition, sympathisers, supporters, militants, and profit-motivated collaborators are involved in counterfeiting in a variety of different ways, from small- to large-scale operations, often remitting a portion of their profits to a terrorist organisation.²⁸ Whether a terrorist group is directly involved or benefits indirectly from counterfeiting products, the profits are used to fund groups in ways that allow them to accomplish their ideological objectives.

Terrorists, like other individuals, groups, and organised crime syndicates, rely on counterfeiting products for several reasons. First, there are few barriers to entry into the counterfeiting product business, with minimum financial and technical expertise needed to counterfeit most products. Second, these groups are well aware of the demand for such products and potential profits.²⁹ In fact, some argue, 'the high profitability of many counterfeiting and piracy activities ... exceeds the profitability of illegal drug trades.'³⁰ Third, terrorists know that it is not likely that they will be detected, as product counterfeiting is a low-priority offense for law enforcement, and if caught and prosecuted, the sanctions are minimal. Fourth, being involved in these businesses is consistent with their desire to maintain some degree of anonymity. Counterfeiting is generally a cash-only business, and any necessary equipment is purchased from companies or parties without reliable recordkeeping.³¹

Many reports point to the involvement of terrorist organisations in the manufacture, sale and distribution of counterfeited products in networks of criminal enterprises, mimicking organised criminal groups.³² Hezbollah, for example, has been substantially involved in trafficking counterfeit products both in the United States and abroad. Hezbollah also uses portions of its income to provide social services to the Lebanese people, thus fulfilling a void left by the State.³³ This is only possible through a steady and reliable source of financing, which often comes in the form of criminal activities, such as product counterfeiting.

Terrorist and organised crime groups imitate each other's successful practices³⁴ and reports indicate that groups such as al-Qaeda, Hezbollah, the Irish Republican Army (IRA), Hamas, Armenian, Russian, Italian, Japanese and Chinese Mafia are involved in counterfeiting.³⁵ Intelligence analysts have indicated that Middle Eastern Jihadist organisations, particularly Hezbollah and Hamas, have been shown to distribute counterfeit products.³⁶ Determining whether or not these groups are working together is more

difficult, although such evidence does exist.³⁷ Regardless, it is important to document general patterns of counterfeiters and the offending capacities of organised group counterfeiters (e.g. terrorists, organised crime, criminal gangs), criminal networks, groups whose sole source of illegal funding is counterfeiting, and chronic offenders and other individuals.

Current study

Despite the evidence of terrorist links to product counterfeiting discussed above, very little empirical work has been conducted. Product counterfeiting has received minimal attention from scholars. Specifically, virtually no studies examine the nexus between terrorism and product counterfeiting. The evidence is mostly anecdotal and speculative, lacking systematic empirical evaluation.³⁸ Scholars and practitioners have recognised the lack of data and solid empirical analysis as perhaps the largest challenge to studying terrorist involvement in product counterfeiting.³⁹ The current study takes a step toward addressing this knowledge gap. We use open-source data to capture known product counterfeiting schemes committed by at least one political or religious extremist in the United States since 1990. We utilise the Extremist Financial Crime Database (EFCDB) and the Anti-Counterfeiting and Product Protection (A-CAPP) Incident Database to provide a descriptive overview of both the schemes and the individual suspects involved in product counterfeiting crimes.

Data and methods

We utilised the EFCDB database, the Financial Crimes section of the United States Extremist Crime Database (ECDB), which assembles open-source information on the financial crimes committed by extremists, such as tax avoidance, money laundering and dirtying, and terrorist financing.⁴⁰ The ECDB does not limit itself to acts labelled terrorist by the FBI and prosecuted on the federal level, nor does it exclude crimes committed for non-ideological purposes (i.e. profit). Most American terrorism databases and definitions, like the FBI, require terrorist acts to use 'force or violence' and exclude non-violent financial crimes. This is an important omission because the ECDB has identified over 550 financial schemes involving far-rightists⁴¹ and over 150 involving Jihadi⁴² extremists in the United States. Financial crimes are often committed during larger criminal operations involving multiple perpetrators and jurisdictions over an extended period of time. These crimes are difficult to study. To capture these nuances, we developed the concept of the *financial scheme*, defined as an 'illicit financial operation involving a set of activities (i.e. techniques) carried out by one or more perpetrators to obtain unlawful gain or other economic advantage through the use of deliberate deception' (e.g. a money-laundering scheme that 'cleans' money from illegal drug smuggling to fund a terrorist mission).⁴³ Product counterfeiting is among the finance-related crimes captured.

We also utilised the Michigan State University Center for Anti-Counterfeiting and Product Protection's (A-CAPP) Incident Database, which assembles open source information on crimes involving counterfeit products committed in the United States. Research related to the creation of the database has uncovered over 800 product counterfeiting schemes in the United States involving a large number of different products.⁴⁴ Prior research has utilised these data to illustrate variation in counterfeit pharmaceutical incidents,⁴⁵ as well as the nature of product counterfeiting in the State of Michigan.⁴⁶ Although the construction of both databases is an on-going effort,⁴⁷ we are confident that they have sufficiently captured every product counterfeiting scheme committed by an

extremist according to ECDB definitions. Follow-up searches were conducted to ensure all the relevant cases were captured and coded.

We placed several boundaries on the data collection and coding processes to establish the universe of cases. First, the scheme must involve a criminal investigation leading to an indictment in a US court of any jurisdiction for activities related to product counterfeiting crimes (behavioural criterion). The specific charges do not have to be trademark or other intellectual property violations, but criminal charges must result from the scheme activities. Second, some aspect of each scheme must have taken place at least in some part in the jurisdictional territories of the United States. Third, the crime must involve product counterfeiting of some type. Fourth, the crimes are temporally bound, including cases occurring between 1990 and 2013. Finally, at least one of the suspects involved in the scheme must be a political or religious extremist (attitudinal criterion). These include Jihadist ideologies, such as those adhered to by al-Qaeda, Hezbollah and Hamas, and far-rightists, such as white supremacists, sovereign citizens and militia/patriot movements.

In the EFCDB, each case is treated as an individual case study for the purposes of identifying relevant schemes and the suspects involved. EFCDB utilises over 30 web search engines,⁴⁸ terrorism databases (e.g. the American Terrorism Study and the Global Terrorism Database), official sources (e.g. Federal Bureau of Investigation reports and congressional testimonies) and watch-group reports (e.g. Anti-Defamation League and the Southern Poverty Law Center). These resulting data include media accounts, government documents, court records, videos, blogs, books, watchdog group reports, movement materials and scholarly accounts. This triangulation of multiple data sources overcomes the limitations of single sources, reducing the chances of bias and increasing reliability and construct validity.⁴⁹

The relevant information resulting from the searches was assembled into individual search (word processor) files for each case. A total of 400 sources were found relating to these schemes. The number of open-source documents for each scheme varied from 21 to 92, with a mean of 40 sources per scheme. Of these, 18 are court documents, which are considered more reliable compared to other types of sources.⁵⁰ The most prominent sources were news articles (210), with the least prominent being non-scholarly books (9), scholarly works (10) and watchdog reports (10). Table 1 shows the number of sources found for each source type.

From these search files, multiple individual databases were created for analysis, including a scheme database (i.e. information on the criminal events and activities themselves) and a suspect database (i.e. known suspects involved in the scheme), which is an innovation extending beyond the majority of efforts focusing only on a single unit of analysis. As multiple research assistants originally coded the data, the lead author re-examined the reliability of the coding and made revisions for quality and accuracy prior to analysis. By

Table 1. Total documents found by type across schemes ($N = 10$).

News articles	210
Websites	103
Blogs	25
Court documents	18
Government reports	15
Scholarly works	10
Watchdog reports	10
Books	9
Total	400

ensuring coding consistency in values across cases, potential issues with inter-rater reliability were addressed. Coded data were initially entered into a Microsoft Access database, reviewed and updated for errors as information became available to minimise missing data and selectivity bias. The variables were then converted to Stata (Version 12) for analysis.

Findings

We uncovered 10 product counterfeiting schemes related to Jihadi or far-right extremists in the United States from 1990 to 2013. [Table 2](#) provides some details on these schemes, their ideological connections, duration, products involved, illicit revenue obtained through the scheme and the number of suspects involved. These schemes occurred between 1996 and 2013, with no scheme activities preceding 1996. Information on illicit revenue is only available for five of these schemes, but the total impact is over US\$95 million.⁵¹ The actual amount is thus likely to be greater. Many schemes resulted in substantial seizures of merchandise, cash and equipment. Among these seizures includes US\$16 million in counterfeit clothing and \$3.5 million US currency in one scheme and \$300,000 US currency, 5512 fake sneakers, 3324 counterfeit sports jerseys and 2727 pirated DVDs in another. A third scheme yielded 65,000 counterfeit tax stamps and 20,000 cartons of untaxed cigarettes. If sold, this merchandise would have yielded millions more in profits.

While all occurring within the United States, each of these schemes are global in nature, either through the involvement of foreign suspects, funnelling of money to foreign terrorist organisations or trafficking of counterfeit goods produced in other countries. However, all of the smuggling and trafficking of counterfeit goods occurred within the United States. Many of these schemes originated in multiple states, meaning products came from several states or suspects from different states collaborated in starting their counterfeiting enterprises. They also involved transit states, where products were trafficked from one state to another across multiple states, arriving at a destination point for distribution.

Several other schemes originated in Virginia, including a cigarette counterfeiting and trafficking operation involving a Hamas associate and two schemes involving members of Jamaat ul Fuqra, a group that operated a suspected Jihadist camp in Red House, Virginia. These ul Fuqra affiliates sold counterfeit CDs, DVDs and clothing/apparel, with a portion of the profits going to fund camp operations. Similarly, two additional counterfeit clothing operations were conducted intrastate, one run by a neo-Nazi extremist in Ohio and another involving a Hezbollah extremist in California. Another Hezbollah-linked scheme involved trafficking counterfeit sneakers and sports jerseys from Pennsylvania to New Jersey.

Four of these schemes are interrelated with the same cigarette counterfeiting and smuggling techniques occurring among members of what is commonly referred to as the 'Charlotte Hezbollah Cell'. These schemes involved the use of counterfeit tax stamps to transfer cigarettes purchased on the Cattaraugus Indian Reservation and other low tax cigarette shops in North Carolina to higher tax states, thus obtaining an enormous profit.⁵²

Most of these cigarettes were sold in Michigan, but some were sold in New York. Suspects involved in one of these schemes also trafficked counterfeit Viagra imported from China, European and Middle Eastern countries, smuggling the drugs from Florida to Michigan for resale. While evidence for the actual connections to Hezbollah is discussed further below, a portion of proceeds from these schemes was provided to support Hezbollah operations.

Several interesting characteristics are derived from the descriptive analysis of the schemes themselves. [Table 3](#) illustrates these findings. A total of 89 suspects were involved in these schemes, with a mean of 8.9 (SD = 5.59) suspects per scheme. The largest scheme in terms of indicted perpetrators involved sixteen individuals, while the smallest involved

Table 2. Descriptions of product counterfeiting schemes involving extremists.

Product	Group	Suspects	Duration	Revenue	Description
Cigarettes	Hezbollah	13	1996 to 2002	US\$5.4 million	Counterfeit cigarettes trafficking scheme by Charlotte Hezbollah cell members
Cigarettes	Hezbollah	10	1996 to 2000	US\$8 million	Counterfeit cigarette trafficking scheme by Charlotte Hezbollah cell members
Cigarettes	Hezbollah	16	1996 to 2004	US\$20 million	Trafficking counterfeit cigarettes & Zig-Zag rolling paper by Charlotte Hezbollah cell members
Viagra	Hezbollah	5	2002 to 2003	Unknown	Trafficking counterfeit Viagra by Charlotte Hezbollah cell members
Apparel, CDs/DVDs, Luxury	Hezbollah	14	2005 to 2007	Unknown	Los Angeles counterfeit operation, US\$16 million in merchandise & US\$3.5 million seized, 125 people arrested
Apparel, CDs/DVDs	Hezbollah	6	2008 to 2009	Unknown	Trafficking counterfeit Mitchell & Ness sports jerseys and Nike Sneakers, portion of profit sent to Hezbollah
Cigarettes	Hamas	16	2011 to 2013	US\$55 million	Trafficking counterfeit cigarettes, 65,000 counterfeit tax stamps and 20,000 cartons untaxed cigarettes seized
Apparel	Jamaat ul Fuqra	5	2004 to 2006	US\$7 million	Sold counterfeit apparel at store owned by one suspect, operation linked to jihadist camp
CDs/DVDs	Jamaat ul Fuqra	3	2006 to 2007	Unknown	Sold counterfeit CDs/DVDS at store owned by one suspect, operation linked to jihadist camp
Apparel, Luxury, CDs/DVDs	Neo-Nazi	1	2011 to 2012	Unknown	Sold fake Nike, Reebok and Louis Vuitton goods and CDs/DVDs at store 'Spindletop Sports Zone' in Ohio

Table 3. Product counterfeiting scheme characteristics ($N = 10$).

Variable	Min	Max	Mean	SD
<i>Ideological connection</i>				
Jihad	0.00	1.00	0.90	0.32
Far-right	0.00	1.00	0.10	0.32
<i>Extremist group connection</i>				
Hezbollah	0.00	1.00	0.60	0.52
Hamas	0.00	1.00	0.10	0.32
Jamaat ul Fuqra	0.00	1.00	0.20	0.42
Neo-Nazi	0.00	1.00	0.10	0.32
<i>Product type^a</i>				
Cigarettes ^b	0.00	1.00	0.40	0.52
Pharmaceuticals	0.00	1.00	0.10	0.32
Apparel	0.00	1.00	0.40	0.52
Luxury goods	0.00	1.00	0.20	0.42
CDs/DVDs	0.00	1.00	0.40	0.52
<i>Scheme relevance</i>				
Ideological (terrorism financing)	0.00	1.00	0.30	0.48
Mixed (ideology and profit)	0.00	1.00	0.50	0.53
Profit (non-ideological)	0.00	1.00	0.20	0.42
Length (years)	1.17	7.92	2.95	2.30
Illicit revenue (millions) ^c	5.40	55.00	19.10	20.90
Number of suspects	1.00	16.00	8.90	5.59
Strength of ideological association	0.00	2.00	1.30	0.67

Notes: ^aSchemes often involved multiple product types. Variable indicates the number/percentage of schemes involving each type of counterfeit product.

^bIncludes both counterfeit cigarettes and counterfeit tax stamps used to sell unauthorised products in higher-tax states.

^cInformation unknown for five schemes.

only one suspect. The schemes lasted between 1.17 and 7.92 years, with a mean of 2.95 years ($SD = 2.30$). As noted above, tremendous illicit revenue was gained during the course of these schemes, ranging between US\$5.4 and \$55 million. In terms of product type, the most prevalent products counterfeited include cigarettes, clothing/apparel and CDs/DVDs. Four of the schemes (40%) involved each of these product types. Pharmaceuticals (Viagra) are only associated with a single scheme.

The vast majority of schemes are linked to the Jihadist movement. Of these, the most prevalent organisation involved in product counterfeiting in the United States is Hezbollah, which benefited from criminal activities in 6 of the 10 schemes. The others involved affiliates of Hamas and Jamaat ul Fuqra. Interesting, unlike the overwhelming involvement of al-Qaeda members, affiliates or sympathisers in financial crimes generally, we did not uncover any product counterfeiting links to al-Qaeda. This is notable given al-Qaeda's reported involvement in product counterfeiting overseas.⁵³ Only one scheme was linked to the far-rightist movement, which involved a single neo-Nazi member. However, this scheme was profit-oriented, not ideologically motivated.

The motives for involvement in these schemes illustrate the blurred lines between terrorism and organised criminal enterprises, as no product counterfeiting scheme is purely related to an extremist ideological goal. Two schemes did not have an ideological motivation for the scheme itself and were committed purely for financial gain. Only three of the schemes are classified as terrorism financing, where the main goal of the operation was to funnel the profits

back to a terrorist organisation. The five remaining schemes had a mix of both ideological and profit-motive, where the purpose of the scheme was less clear and numerous participants appear to be involved for profit only. None of the schemes were conducted to support a specific violent terrorist plot. These results illustrate that connections between crime and terrorism are not clear-cut, further undermining the distinctions often made between the two. EFCDB accounts for these complexities of human motivation related to terrorist involvement, expanding beyond commonly used dichotomous measures.⁵⁴ Our results demonstrate that even the terrorism financing schemes involved a profit-motivated element, as the majority of suspects involved were not extremists. Thus, product counterfeiting schemes involving terrorist organisations closely resemble those without an extremist ideological association, with the only exception perhaps being that proceeds from the former are sometimes used as revenue streams for terrorist groups. The money being supplied may not be used to fund a specific violent plot, but to maintain terrorist operations that promote violence more generally.

Further evidence of the mixed motives involved in terrorist-linked product counterfeiting is found in the motives of suspects. While the scheme motive focuses on the entire operation at the macro-level, suspect motive focuses on the specific goals of individuals (i.e. ideological, profit, mixed ideological and profit) at the micro-level. The results of the suspect-level examination are outlined in Table 4. This analysis demonstrates very few (4%) suspects participated with purely ideological motives. Another 18% had both ideological and profit motives. As best we could determine from the open-source information, the remaining suspects appeared to be motivated purely by greed. Importantly,

Table 4. Characteristics of suspects involved in product counterfeiting schemes ($N = 89$).

	N	Min	Max	Mean	SD
<i>Suspect extremist</i>	89	0.00	1.00	0.25	0.43
<i>Ideological connection</i>	89				
Jihadist	21	0.00	1.00	0.24	0.43
Far-rightist	1	0.00	1.00	0.01	0.11
Non-Ideological	67	0.00	1.00	0.75	0.43
<i>Male</i>	87	0.00	1.00	0.92	0.27
<i>Foreign born</i>	54	0.00	1.00	0.91	0.29
<i>Age (years)</i>	85	17.00	69.00	34.16	10.50
<i>Race/ethnicity</i>	78				
White	5	0.00	1.00	0.06	0.23
Hispanic	4	0.00	1.00	0.04	0.21
Arab	67	0.00	1.00	0.75	0.43
Native Indian	2	0.00	1.00	0.02	0.15
<i>Role</i>	74				
Producer	3	0.00	1.00	0.03	0.18
Buyer	17	0.00	1.00	0.19	0.40
Smuggler	25	0.00	1.00	0.28	0.45
Intermediary	11	0.00	1.00	0.12	0.33
Leader	9	0.00	1.00	0.10	0.30
Money handler	6	0.00	1.00	0.07	0.25
Other	3	0.00	1.00	0.03	0.18
<i>Suspect motive</i>	89				
Ideological	4	0.00	1.00	0.04	0.21
Mixed	16	0.00	1.00	0.18	0.39
Greed	68	0.00	1.00	0.76	0.43
Other	1	0.00	1.00	0.01	0.11
<i>Strength of ideological association</i>	89	0.0	4.0	0.81	1.50

individual motives often were not discussed for specific suspects, particularly non-ideological collaborators. These individuals filled various supporting roles, and absent of any information to the contrary, we determined these suspects were involved to obtain a profit. It should be stressed that many of these suspects could potentially have mixed motives, and the results should be viewed with caution in this context.

Lastly in terms of motivation, the strength of association variables for scheme and suspect illustrate this weak connection to extremist ideology.⁵⁵ Table 5 illustrates how EFCDB establishes this strength, which is a measure of the intensity of the affiliation with an extremist movement using multiple points of information rather than subjective individual perspectives (e.g. label of terrorist applied by a prosecutor). Based on pro and con evidence, each scheme and suspect receives a score of 0 to 4. Using this method,

Table 5. Strength of ideological association.⁵⁶

Category		
Scheme	Suspect	Criteria
4 = Undisputed established ideological motive to further far-right or Jihadi extremist goals	4 = Undisputed established present or past adherence to far-right or Jihadi extremist ideology	1) Multiple (2 or more) far-right/Jihadi extremist indicators found, and 2) No evidence found contrary to far-right/Jihadi extremist association
3 = Clear established ideological motive to further far-right or Jihadi extremist goals	3 = Clear established present or past adherence to far-right or Jihadi extremist ideology	1) Only single far-right/Jihadi extremist indicator found, and 2) No evidence found contrary to far-right/Jihadi extremist association
2 = Disputed established ideological motive to further far-right or Jihadi extremist goals	2 = Disputed present or past adherence to far-right or Jihadi extremist ideology	1) Multiple (2 or more) far-right/Jihadi extremist indicators found, and 2) Evidence found contrary to far-right/Jihadi extremist association
1 = Disputed established ideological motive to further far-right or Jihadi extremist goals	1 = Disputed established present or past adherence to far-right or Jihadi extremist ideology	1) Only single far-right/Jihadi extremist indicator found, and 2) Evidence found contrary to far-right/Jihadi extremist association
0 = No apparent ideological motive	0 = No established present or past adherence to far-right or Jihadi extremist ideology	1) No far-right/Jihadi extremist indicator found, and 2) Evidence found contrary to far-right/Jihadi extremist association

both levels of analysis are captured. As depicted in Table 3, for product counterfeiting schemes in our study, the strength of association ranged from 0 to 2, with a mean of 1.30 ($SD = 0.67$), a relatively low score. Generally, scores higher than 2 can be considered closely related to an extremist ideology, while scores of less than 2 are weakly related. No schemes were rated higher than 2, meaning each scheme had evidence discrediting the extremist ideological association. These results coupled with the primarily mixed and profit motivated schemes provides further evidence for the convergence between terrorism and other types of organised criminal activity when it comes to why criminal organise together to form criminal enterprises.

The suspect ideological connection is important in this context. The majority (75%) of suspects are non-extremist collaborators. Of the extremist suspects, 24% are Jihadists and 1% (one person) is far-rightist. Given the involvement of extremists, the existence of non-extremist collaborators is not surprising. Rather, the overwhelming dominance of non-extremists in product counterfeiting is notable, suggesting criminal profit as the primary driving force for individual suspects as opposed to extremist ideology. While it is reasonable to speculate that many of these non-extremist suspects also have ideological connections, our coding criteria requires specific evidence of this connection, and none could be made from the open-source information. The suspect ideological strength association is even lower than the scheme association with a mean of 0.81 ($SD = 1.50$), although the scores are more widely dispersed. While multiple suspects received scores of 3 and 4, few met the criteria for these high-intensity categories. As most of the suspects were non-extremist, they all received a score of 0, thus driving down the mean toward 0. This further illustrates the weakness of the ideological association of these product counterfeiting schemes to extremism.

Other suspect-level findings presented in Table 4 include gender, race/ethnicity, age, place of birth and role in the scheme. The vast majority of suspects are male (92%), Arab (75%) and foreign born (91%). Given most of the schemes were linked to Jihadists, this is not entirely surprising. Of those foreign born, most came from Lebanon and Pakistan, and many were naturalised US citizens by the conclusion of their scheme activities. The suspect ages at the start of their involvement in these product counterfeiting schemes range from 17 to 69, with a mean of 34.16 years old ($SD = 10.50$).

For specific roles, most suspects are smugglers (28%) or buyers/resellers (19%). Other roles include intermediaries (12%) negotiating shipments and purchases or acting as the liaison with the main terrorist organisation, ringleaders of the schemes (10%) and money handlers or financial administrators (7%). Only 3% actually produced the counterfeit goods, as most of the criminal activities involve trafficking, distribution and resale of counterfeits. The most prevalent charges issued are racketeering, conspiracy to traffic counterfeit goods or conspiracy to commit copyright infringement. However, these data are only available on less than half of the suspects.

Discussion

This study provides one of the first empirical accounts of the characteristics of extremist suspects and their collaborators involved in product counterfeiting schemes. We find support for the use of product counterfeiting by terrorists and the convergence between terror-related and profit-oriented motives for carrying out these counterfeiting schemes. Indeed, product counterfeiting and terrorism financing are both difficult topics to study due to their elusive, secretive and adaptive nature. By mining open-source data from the EFCDB and A-CAPP Incident Database, we obtained information on every known

product counterfeiting scheme occurring in the United States where individuals involved were criminally charged. The available data on 5 of these 10 schemes demonstrates close to US\$100 million in illicit revenue, and millions more in cash movement and counterfeit products seized. These data move beyond single anecdotes and speculative references to confirm these terror links and the resulting financial damage. Our intent is to avoid either over or understating the nexus between terrorism and product counterfeiting. We provide solid empirical evidence on the known criminal connections between product counterfeiting and terrorism, setting the stage for further studies of terrorism financing and drawing implications for policy and practice to address schemes generally, regardless of whether or not a terrorism link is present.

Most of these schemes were not ideologically motivated, nor was the primary goal to fund terrorist operations. Terrorists use product counterfeiting because of the financial incentives involved, with proceeds fulfilling multiple purposes, including personal enrichment, sustenance of individual criminal enterprises and broader terrorist missions and operations. It is, of course, only one potential source of revenue for terrorist organisations. This study demonstrates that the majority of schemes and suspects are motivated by the desire to obtain a profit, rather than funding a specific terrorist cause. While numerous extremist suspects were involved with the goal of raising money for the broader Jihadi movement or a specific terror organisation, the majority of suspects are predominantly non-extremist and the suspects overall have a weak affiliation to an extremist ideology. The schemes themselves have a stronger connection to Jihadi extremism, due to much of the illicit revenue being funnelled to terror groups and individual suspects themselves not necessarily having close links to terrorism. This supports prior research demonstrating that terrorist financing operations often function very similarly to profit-oriented organised criminal enterprises,⁵⁷ using many of the same networks and techniques to achieve multiple goals.⁵⁸ In this way, terror groups utilising those less ideologically committed access important potential revenue streams through profit-oriented criminals with no direct affiliation to the organisation. Thus, focusing efforts exclusively on highly committed extremists ignores the majority of those involved in these highly profitable schemes.

This study further illustrates the identifiable linkages between terrorist organisations and organised criminal enterprises. Nine of the ten schemes were linked to the Jihadi extremist movement, 91% of the suspects are foreign born and 75% are Arab race/ethnicity. Members, affiliates and sympathisers of Hezbollah, Hamas and Jamaat al Fuqra have been involved in trafficking and distribution of counterfeit products in the United States, ranging from counterfeit cigarette smuggling to pirating music and movies. Al-Qaeda was not involved in any of these schemes, while our work examining other types of financial crimes demonstrates significant use by al-Qaeda. However, an al-Qaeda associate was charged with running a cigarette smuggling operation involving the sale of untaxed cigarettes from the Seneca Native American reservation involving thirty non-extremist collaborators and resulting in US\$29 million in lost tax revenue. This again highlights the use of unaffiliated, profit-oriented criminals to fund terror-related ends. It is important to note that al-Qaeda may be involved in product counterfeiting, but they have yet to be indicted for it within the United States.

Unlike al-Qaeda, Hezbollah is represented in the data, signifying the tremendous scale and infrastructure of the terror group, with criminal operations spanning across the world. Hezbollah is the most involved in these product counterfeiting schemes, supporting recent illustrations of Hezbollah's involvement in criminal enterprises in the United States.⁵⁹ There are several possible reasons for this. The first is the relative scope of Hezbollah compared to al-Qaeda, which is much larger with numerous goals, including the capacity to raise funds

through various criminal means in multiple geographic locations. Hezbollah is a broadly functioning criminal organisation, taking advantage of the many criminal opportunities available in the United States, including product counterfeiting.⁶⁰ Another possibility is that Hezbollah as a locally focused group engaged in violence against Israel has not been involved in high-profile violent campaigns against the United States, and therefore has not received the same level of attention as al-Qaeda. This allows them to remain largely out of sight and under the radar of law enforcement and counter-terrorism agents. Further research is necessary to uncover the reasons behind the heavy involvement of Hezbollah in product counterfeiting in the United States compared to other terror groups.

In contrast to the involvement of the Jihadi linked terror groups in product counterfeiting schemes in the United States, this connection was not found for far-right extremist groups. The only exception is a single neo-Nazi acting alone in a profit-motivated counterfeit clothing operation. We believe the lack of engagement of far-rightists in product counterfeiting can be explained by ideology and opportunity. Far-rightists are involved in numerous types of financial schemes including tax fraud, investment schemes, bank fraud and check fraud. They are heavily focused on tax-related crimes using frivolous legal arguments to justify not following tax and other laws.⁶¹ However, no evidence currently exists linking these movements to product counterfeiting. This is possibly due to the lack of overseas connections to supply counterfeit products. The products involved in these counterfeiting operations involved trafficking, not production. The exceptions are the pirated DVDs and CDs and a large portion of the cigarettes, which came directly from Native American reservations. It is likely far-rightists do not generally have the means or desire to engage with foreign collaborators, who are essential to providing the products necessary to carry out the schemes. American far-rightists are generally anti-global and anti-immigrant, preferring to remain insulated in their comfort zones. As they are less likely to engage with others not like them, they do not encounter the same opportunities for product counterfeiting. Although limited collaboration between far-rights and Jihadist has been found in the broader ECDB data indicating engagement in violent acts through the transfer of weapons or supplies, this connection has apparently not extended to product counterfeiting.

Implications

This study supports prior research⁶² demonstrating the collaboration between terrorists and non-ideological co-offenders motivated by the desire for financial gain, not a political or religious motive. These findings have implications for strategies to disrupt criminal enterprises, as focusing only on suspects with known links to terrorism ignores the profit motivation involved in each of these schemes. While many product counterfeiting schemes involving extremists saw some of the money funnelled to terrorist groups, the majority of suspects involved had no apparent links to these movements and appeared to operate as any other profit-motivated criminal enterprise. This is counter to the traditional view of terrorist and organised criminal groups as separate entities, providing further evidence for the convergence of their financial operations. In this sense, terrorist counterfeiters are able to balance multiple objectives in order to fulfil both profit and ideological objectives.⁶³

Given that product counterfeiting schemes involving terrorists are similar to other types of criminal enterprises with no ideological connection, more emphasis should be placed on financial crime schemes generally. Though not without obvious limits, terrorists have demonstrated the ability to infiltrate criminal networks and funnel a portion of the proceeds to ideological causes. Similar techniques used to infiltrate organised criminal enterprises can be used to intercept those without a terrorist connection, much like many of the schemes

identified in this study were targeted by law enforcement. It may also be possible to utilise the involvement of terrorists in criminal networks as an advantage in enforcement strategies. By targeting those in different areas of the enterprise not linked to terrorism, it is possible to obtain information useful for further identifying and exploiting the parts linked to a terrorist organisation. Those who are interested only in monetary gain may be more willing to provide information on suspected terrorists involved in their schemes in an attempt to maintain their illicit activities or bargain for lenient punishment. On the other hand, given the enhanced attention given to terrorist connections in the United States compared to the focus on product counterfeiting generally, these suspects may be more readily identified by law enforcement involved in counterterrorism. Once a terror link is established, resources can be devoted to targeting the remaining network connections.

The study results speak to the opportunistic nature of terrorism financing and the connections between terrorism and financial crime offending. Terrorist organisations need steady streams of funding in order to survive and thrive, and establishing a product counterfeiting operation can provide tremendous financial benefits. Estimates of illicit revenue from these schemes are very conservative, but show incredible profits close to US\$100 million. Where opportunities for these profits exist, offenders of different orientations, backgrounds and goals will exploit them, some of who may have extremist ideological attitudes. Likewise, the sheer size of these operations and their detrimental consequences suggest a need for intervention irrespective of specific motive. Further examining these and similar schemes will provide useful training information for investigators to identify potential linkages between crime and terrorism.

Another implication has to do with the rarity of such crimes occurring within the United States. Relative to other US financial schemes that involve political extremists,⁶⁴ extremist use of product counterfeiting is a rare event. It should be clear that only a small subset of the total number of financial schemes involving political and religious extremists or product counterfeiting schemes identified in the open-source data contain an intersection of both. Of the 150+ extremist financial schemes linked to Jihadi extremism and 800 product counterfeiting schemes, only nine product counterfeiting schemes met our inclusion criteria for a Jihadi extremist association. While product counterfeiting scheme connections to extremism are few in number, they have widespread impact with extensive operational scale, diverse participation and enormous profit margins. Close monitoring of terrorist activities within the United States has likely prevented these organisations from establishing widespread product counterfeiting operations, but counterfeiting is a global problem with products being produced primarily overseas, especially in China. One would expect terrorist organisations to be more active abroad in order to draw less attention to their organisational activities. However, as more potential offenders learn of the tremendous opportunities for profit from product counterfeiting, involvement is likely to expand.

Future research

It will be important in future research to further study the role of terrorist organisations in counterfeiting products. First, it is critical to closely examine the role of terrorists throughout the world, not just the United States. As mentioned early on, most of the growing body of terrorism research has focused on violent terrorist actions. This study substantiates prior studies and on-going EFCDB research demonstrating that financial crimes are critical to the existence and operations of terrorist organisations. It further builds on case study research examining the role of terrorist organisations in product counterfeiting and connections or similarities between terrorist and organised crime organisations.⁶⁵ Future research will need to

more systematically examine these connections and empirically document the role of terrorist organisations in the global counterfeiting trade.

Second, it is extraordinarily interesting that terrorists partner with non-ideological support individuals and organisations to engage successfully in product counterfeiting. That is, there appears to be a network of ideological and non-ideological offenders that play different but complementary roles in carrying out a scheme to profit from counterfeits. It is thus important to better understand these networks. In short, 'systematically accumulating knowledge about the structural "blue print" of criminal activity increases our understanding of their functioning and flaws, and may lead to effective ways to counteract and disrupt those networks.'⁶⁶ Future research should examine the structure and operations of criminal networks and their links to terrorism, including ties between individual suspects and the schemes in which they participate.

Third, future research should examine the life course of product counterfeiting schemes and suspects, treating these operations as case studies and contrasting their initiation and desistance. Where opportunities arise and potential offenders have the capability and expertise to exploit those opportunities, criminal schemes will inevitably develop. Our study results indicate vast differences in motives for involvement in product counterfeiting. Some are purely driven by the opportunity for profit. Others with extremist ideological associations have differing motives. They may engage in product counterfeiting purposely to support an ideological goal, such as a terror group, or they may be involved in a product counterfeiting scheme first, only to be radicalised later and then decide to contribute proceeds from the scheme to terrorism. Understanding the dynamic nature of interactions between different individuals in the context of a criminal event (scheme) further enhances the understanding of how product counterfeiting crimes develop and how terrorists become involved in criminal activity.

Regardless of motive, the low barriers to entry provide numerous pathways to engage in product counterfeiting. Different roles need to be fulfilled requiring different skills sets, including specialists in product production, transportation, bookkeeping and management. By considering the life course of those involved in these criminal enterprises and their interactions with one another to achieve various goals, further knowledge of their collaborative efforts will be illuminated. Thus, it is important to track patterns in product counterfeiting crime, including offending capabilities and criminal opportunities, in addition to terror group involvement.

A fourth potential area for further research is comparing product counterfeiting schemes involving terrorists and extremists to product counterfeiting generally. It will be useful to further understand the similarities and differences between the schemes identified in this study and other product counterfeiting schemes committed in the United States. One possible avenue to accomplish this is to use data from the A-CAPP Incident Database on criminal cases of product counterfeiting in the United States and conduct a comparative study with schemes linked to terrorism. If other product counterfeiting schemes are similar to those in the current study, further evidence for common characteristics between terror and non-terror-linked criminal enterprises will be established. Additionally, by comparing product counterfeiting to other types of financial schemes, future research could assess the relative profitability of the schemes employed by terrorists and extremists. This would provide an indication of the scheme by which these individuals and organisations make the greatest profit, further suggesting where law enforcement training and intervention might best be focused.

Conclusion

This study is one of the first empirical accounts of the nexus between product counterfeiting and terrorism in the United States. The linkages between product counterfeiting and terrorism have long been speculated and supported anecdotally, but our study confirms this connection and demonstrates the convergence between terrorism and organised criminal enterprises, using the same methods and networks. The product counterfeiting schemes involving known extremists in the United States do not have strong linkages to terrorist organisations, even though portions of the profits were provided to these groups. The majority of suspects involved are profit-motivated, not acting to support a specific terrorist cause. This demonstrates the importance of examining criminal and terrorist connections, focusing on intricacies of terrorism financial schemes as opposed solely examining the violent end result of terrorist plots. The nexus between extremism and product counterfeiting illustrates the fruitfulness of this line of inquiry. Further research of criminal financial networks will further our understanding of how terrorism and organised crime function in the United States and across the globe.

Notes

1. Chermak et al., *Terrorism and Counterfeiting*.
2. Gruenewald et al., *Overview of the Domestic Far-Right*.
3. Freilich et al., *Introducing the United States Extremist Crime Database*.
4. WCO, *First Review*; UNICRI, *Global Counterfeiting*.
5. OECD, *Economic Impact of Counterfeiting*.
6. WHO, *Medicines*.
7. Nasheri, *Intellectual Property Theft*; and Treverton et al., *Film Piracy*.
8. Spink and Fejes, *A Review of the Economic Impact*; U.S. GAO, *Intellectual Property*.
9. IACC, *Negative Consequences*.
10. These figures are problematic, but widely cited. For a full discussion of quantifying economic impact from product counterfeiting, see Spink and Fejes, *Review of the Economic Impact*.
11. CIB, *Countering Counterfeiting*.
12. See note 5 above.
13. FBI, *Press Release*.
14. Hargreaves, *Digital Opportunity*.
15. OECD, *Economic Impact of Counterfeiting*; IACC, *Negative Consequences*; Nasheri, *Addressing the Global Scope*; and Union des Fabricants, *Counterfeiting and Organized Crime*.
16. Ibid.
17. It should not be assumed that the causes and consequences of different types of counterfeiting and copy infringement are equitable, nor are all types of counterfeiting criminalised in the same way (see Farrand and Carrapico, *Copyright Law*, for further discussion). Although we include a wide range of counterfeits, it should be acknowledged that counterfeits of different products involve vastly different means of production and distribution. For products such as apparel, pharmaceuticals, luxury goods and household goods (among others), the value is found in the product itself and requires more sophisticated operations to develop. For counterfeits typically associated with piracy, such as counterfeit movies, music or software, the value is not in the physical product but the specific information therein. These are more readily copied and distributed because the physical product does not hold as high a value as with other counterfeits. How and why these different types of counterfeits are distributed is not dealt with in this study and is reserved for future examinations.
18. Nasheri, *Addressing the global scope*, 88; See also OECD, *Economic Impact of Counterfeiting*; Bryce and Rutter, *CIS*; Luckenbill and Miller, *Defending Intellectual Property*; Union des Fabricants, *Counterfeiting and Organized Crime*; Piquero, *Causes and Prevention*; and Treverton et al., *Film Piracy*.
19. Heinonen et al., *Product Counterfeits in the Online Environment*.
20. Treverton et al., *Film Piracy*; and Chermak et al., *Terrorism and Counterfeiting*.
21. Perri and Brody, *Dark Triad*.
22. U.S. GAO, *Terrorism Financing*.

23. Raphaeli, *Financing of Terrorism*.
24. U.S. GAO, *Terrorist Financing*; Ehrenfeld, *Funding Evil*; Kane and Wall, *Identifying the Links*; and O'Neil, *Terrorist Precursor Crimes*.
25. See note 1 above.
26. See note 19 above.
27. Noble, *Links Between*; Ehrenfeld, *Funding Evil*; Shelley and Picarelli, *Methods Not Motives*; Shetterly, *Starving the Terrorists of Funding*; U.S. GAO, *Terrorist Financing*; and Canadian Centre for Intelligence and Security Studies, *Actual and Potential Links*.
28. Noble, *Links Between*; and Treverton et al., *Film Piracy*.
29. Pollinger, *Counterfeit Goods*; Noble, *Links Between*; Treverton et al., *Film Piracy*; and Raphaeli, *Financing of Terrorism*.
30. See note 5 above.
31. See note 9 above.
32. Dishman, *Leaderless Nexus*.
33. Levitt, *Iran, Hizballah*.
34. Shelley and Picarelli, *Methods Not Motives*; Shelley et al., *Methods Not Motives* (grant report); and Sverdluck, *Terrorists and Organized Crime*.
35. Australian Institute of Criminology, *Intellectual Property Crime*.
36. Lowe, *Counterfeiting*.
37. Belov and Putintsev, *CIS*; Shelley et al., *Methods Not Motives* (grant report); and Treverton et al., *Film Piracy*.
38. See note 5 above.
39. Chermak et al., *Terrorism and Counterfeiting*; and Pollinger, *Counterfeit Goods*.
40. See note 3 above.
41. See Freilich et al., *Introducing the United States Extremist Crime Database*. Far-right extremists subscribe to aspects of the following beliefs. They are fiercely nationalistic, anti-global, suspicious of federal authority and reverent of individual liberties, especially their right to own guns and be free of taxes. They believe in conspiracy theories involving imminent threats to national sovereignty or personal liberty and believe that their personal or national 'way of life' is under attack. Sometimes such beliefs are vague, but for some the threat originates from specific racial or religious groups. They believe that they must be prepared to defend against this attack by participating in paramilitary training or survivalism.
42. See Freilich et al., *Introducing the United States Extremist Crime Database*. Jihadi extremists adhere to aspects of the following beliefs. They believe that only acceptance of Islam promotes human dignity. Islamic extremists reject the traditional Muslim respect for 'People of the Book' (i.e. Christians and Jews). They believe that 'Jihad' (i.e. to struggle in the God's path like the Prophet Muhammad), is a defining belief in Islam and includes the 'lesser Jihad' that endorses violence against 'corrupt' others. Islamic extremists believe that their faith is oppressed in nominally Muslim Middle-Eastern/Asian corrupt governments and in nations (e.g. Russia/Chechnya) that occupy Islamic populations. The United States is seen as supporting the humiliation of Islam, and exploiting the region's resources. They believe that America's hedonistic culture (e.g. gay-rights, feminism, etc.) negatively affects Muslim values. Islamic extremists believe that the American people are responsible for their government's actions and that there is a religious obligation to combat this assault. They believe that Islamic law – Sharia – provides the blueprint for a modern Muslim society and should be forcibly implemented.
43. See note 3 above.
44. Heinonen and Wilson, *Product Counterfeiting at the State Level*.
45. Heinonen et al., *Pharmaceutical Counterfeiting*.
46. See note 44 above.
47. For a complete overviews of data collection, inclusion criteria, coding procedures and current findings, see Freilich et al., *Introducing the United States Extremist Crime Database*, and Wilson and Heinonen, *The A-CAPPP Product Counterfeiting Incident Database*.
48. EFCDB has developed specialised search protocols using the following search engines: Lexis-Nexis; Proquest; Yahoo; Google; Copernic; News Library; Infotrac; Google Scholar; Amazon; Google U.S. Government; Federation of American Scientists; Google Video; Center for the Study of Intelligence; Surf Wax; Dogpile; Mamma; Librarians' Internet Index; Scirus; All the Web; Google News; Google Blog; Homeland Security Digital Library, Vinelink; Inmate Locator; Bureau of Prisons; Individual State Departments of Corrections (DOC); Black

- Book Online; Quantloos; Anti-Defamation League (ADL); Southern Poverty Law Center (SPLC); and Center on Law and Security.
49. Chermak et al., *American Terrorism*.
 50. Freilich et al., *Introducing*; and Sageman, *Understanding Terror Networks*.
 51. It should be noted that this information may be available in court documents not readily accessible through open-source data collection and therefore obtained for the current study.
 52. Although legally defined as smuggling, we conceptually include counterfeit tax stamps in our inclusion criteria for product counterfeiting. By altering a cigarette package produced for sale in North Carolina with a counterfeit tax stamp for sale in Michigan, we argue the suspects changed the nature of the product from its intended version and attempting to present it as a different product. Thus, these would be included in our universe of product counterfeiting cases. However, simply smuggling cigarettes from one state to another without an act of counterfeiting would not meet our inclusion criteria. Indeed, one scheme involving Jihadi extremists associated with al-Qaeda was not included because the untaxed cigarettes were only smuggled and not altered, thus removing it from the current study.
 53. Noble, *Links Between*.
 54. See Belli, *Where Political Extremists and Greedy Criminals Meet*, for further discussion of merits of EFCDB approaches to data collection and coding.
 55. See Gruenewald, *Ideologically Motivated Homicide* for discussion of strength of association scale development.
 56. Adapted from Belli, *Where Political Extremists and Greedy Criminals Meet*.
 57. See note 5 above.
 58. See note 32 above.
 59. Levitt, *Hezbollah*.
 60. Ibid.
 61. Sullivan, *Examination*.
 62. Belli, *Where Political Extremists and Greedy Criminals Meet*.
 63. Makarenko, *Crime-Terror Continuum*.
 64. See note 3 above.
 65. See Shelley and Melzer, *Nexus of Organized Crime and Terrorism*; and Bibes, *Transnational Organized Crime and Terrorism*.
 66. van der Hulst, *Introduction to Social Network Analysis*, 102.

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